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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SECURITIES AND EXCHANGE COMMISSION
DIVISION OF MARKET REGULATION
RECEIVED
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8-29124

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Meridian Investments, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM ID. NO.

1266 Furnace Brook Parkway

(No. and Street)

Quincy

(City)

MA

(State)

02169

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTRACT IN REGARD TO THIS REPORT

John F. Boc

(617) 328-6200

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jacobs, Velella & Kerr, P.C.

(Name - if individual, state last, first, middle name)

388 Hillside Avenue

(Address)

Needham

(City)

MA

(State)

02494

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions

PROCESSED
MAR 29 2004

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THOMSON
FINANCIAL

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (6-02)

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a currently valid OMB control number

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OATH OR AFFIRMATION

I, John F. Boc, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Meridian Investments, Inc., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

X John F. Boc
Signature
Chairman
Title

Carol A. O'Keefe
Notary Public



CAROL A. O'KEEFE
Notary Public
Commonwealth of Massachusetts
My Commission Expires
March 3, 2006

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity, or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A Copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

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Jacobs, Velella & Kerr, P.C.

Certified Public Accountants

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Herman Jacobs CPA 1949-1988

Alberto Velella CPA

Peter H. Kerr CPA

Michael E. Carlson CPA

INDEPENDENT AUDITORS REPORT

To the Trustees and Shareholders of
Meridian Investment Properties Trust and Subsidiary
Quincy, Massachusetts

We have audited the accompanying consolidated statements of financial condition of Meridian Investment Properties Trust & Subsidiary (a Qualified Subchapter S Trust) as of December 31, 2003 and 2002 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meridian Investment Properties Trust & Subsidiary as of December 31, 2003 and 2002, the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jacobs, Velella & Kerr, P.C.

Needham, Massachusetts

January 28, 2004

**MERIDIAN INVESTMENT PROPERTIES
TRUST & SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

MERIDIAN INVESTMENTS PROPERTIES TRUST & SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,294,588	\$ 1,131,265
Commissions and accounts receivable	3,825,690	1,716,490
Deposits and prepaid expenses	93,673	13,380
Deferred income taxes	97,415	55,058
Due from related parties	883,632	90,512
TOTAL CURRENT ASSETS	<u>6,194,998</u>	<u>3,006,705</u>
PROPERTY AND EQUIPMENT , net of accumulated depreciation	<u>77,801</u>	<u>109,658</u>
OTHER ASSETS		
Organizational costs, net of accumulated amortization	<u>6,069</u>	<u>9,103</u>
	<u><u>\$ 6,278,868</u></u>	<u><u>\$ 3,125,466</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accrued liabilities and taxes	\$ 2,201,933	\$ 1,221,617
Deferred income taxes	172,462	91,092
TOTAL CURRENT LIABILITIES	<u>2,374,395</u>	<u>1,312,709</u>
DEFERRED INCOME TAXES	<u>98</u>	<u>1,031</u>
SHAREHOLDERS' EQUITY		
Shares of beneficial interest, no par value, unlimited shares authorized, 1,000 shares issued and outstanding	136,819	136,819
Retained earnings	1,674,907	1,674,907
Trust principal	2,092,649	-
	<u>3,904,375</u>	<u>1,811,726</u>
	<u><u>\$ 6,278,868</u></u>	<u><u>\$ 3,125,466</u></u>

The accompanying notes are an integral part of these financial statements.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
REVENUE		
Commissions	\$ 18,920,996	\$ 11,877,712
TOTAL REVENUE	<u>18,920,996</u>	<u>11,877,712</u>
EXPENSES		
Commissions	8,800,378	6,025,432
Other operating expenses	<u>4,418,597</u>	<u>3,054,569</u>
TOTAL EXPENSES	<u>13,218,975</u>	<u>9,080,001</u>
INCOME FROM OPERATIONS	<u>5,702,021</u>	<u>2,797,711</u>
OTHER INCOME (EXPENSE)		
Interest income	37,168	68,798
Interest expense	(609)	-
Dividend income	<u>53</u>	<u>228</u>
TOTAL OTHER INCOME	<u>36,612</u>	<u>69,026</u>
NET INCOME BEFORE PROVISION FOR (BENEFIT FROM) FOR INCOME TAXES	<u>5,738,633</u>	<u>2,866,737</u>
PROVISION FOR (BENEFIT FROM) INCOME TAXES		
Current	266,646	177,972
Deferred	<u>38,080</u>	<u>(16,302)</u>
TOTAL PROVISION FOR (BENEFIT FROM) INCOME TAXES	<u>304,726</u>	<u>161,670</u>
NET INCOME	<u><u>\$ 5,433,907</u></u>	<u><u>\$ 2,705,067</u></u>

The accompanying notes are an integral part of these financial statements.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2003 and 2002

	Meridian Investments, Inc. (an S corporation)	Meridian Investment Properties Trust (a Qualifies Subchapter S trust)	
	<u>Retained Earnings</u>	<u>Shares of beneficial interest</u>	<u>Trust Principal</u>
Balance, December 31, 2001	2,608,976	136,819	-
Net income for the year ended December 31, 2002	-	-	2,705,067
Shareholders' distributions for the year ended December 31, 2002	<u>(934,069)</u>	<u>-</u>	<u>(2,705,067)</u>
Balance, December 31, 2002	1,674,907	136,819	-
Net income for the year ended December 31, 2003	-	-	5,433,907
Shareholders' distributions for the year ended December 31, 2003	<u>-</u>	<u>-</u>	<u>(3,341,258)</u>
Balance, December 31, 2003	<u>\$ 1,674,907</u>	<u>\$ 136,819</u>	<u>\$ 2,092,649</u>

The accompanying notes are an integral part of these financial statements.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2002 and 2001

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,433,907	\$ 2,705,067
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	38,080	(16,302)
Depreciation and amortization	46,387	46,429
Expenses allocated from related party	14,658,878	6,748,416
Intercompany interest income	(15,400)	(50,616)
(Increase) decrease in:		
Commissions and accounts receivable	(2,109,200)	188,370
Deposits and prepaid expenses	(80,293)	(497)
Organizational costs	-	3,035
Increase (decrease) in:		
Accrued liabilities and taxes	980,316	288,094
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,952,675</u>	<u>9,911,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from related party	441,798	2,662,336
Advances to related party	(15,878,396)	(8,426,807)
Purchases of property and equipment allocated from related party	<u>(11,496)</u>	<u>(84,807)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(15,448,094)</u>	<u>(5,849,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to shareholders	<u>(3,341,258)</u>	<u>(3,639,136)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(3,341,258)</u>	<u>(3,639,136)</u>
NET INCREASE IN CASH	163,323	423,582
CASH, BEGINNING	<u>1,131,265</u>	<u>707,683</u>
CASH, ENDING	<u><u>\$ 1,294,588</u></u>	<u><u>\$ 1,131,265</u></u>

The accompanying notes are an integral part of these financial statements.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL INFORMATION

Meridian Investments, Inc. is a Massachusetts corporation formed in December 1981 with office locations in Massachusetts and Maryland. The Company is a securities broker-dealer firm, registered with the Securities and Exchange Commission (SEC) and securities regulatory commissions in various states and Washington D.C. It is a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation (SIPC). The Company is primarily involved in placing tax advantaged investments in affordable housing limited partnerships.

On December 28, 2000, the existing shareholders of the Company exchanged their respective shares of common stock for shares of beneficial interest in Meridian Investment Properties Trust, a Massachusetts Business Trust, electing to be taxed as a qualified subchapter S trust under the Internal Revenue Code. This exchange caused the company to become the wholly owned subsidiary of the trust. Generally accepted accounting principles requires the consolidation of the separate financial statements of the parent and subsidiary into one presentation. Substantially all of the activity, except for the payment of state income taxes, is carried on by the subsidiary. On December 29, 2003, the shareholders of the qualified subchapter S trust voted and approved to dissolve the trust. See **NOTE 11 - SUBSEQUENT EVENTS**.

Throughout these consolidated financial statements references to the "Company" are intended to mean the consolidated entities of Meridian Investment Properties Trust and Meridian Investments, Inc.

B. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the company and its wholly owned subsidiary, Meridian Investments, Inc. Intercompany transactions and balances have been eliminated in the consolidation.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all short-term debt and investment securities purchases with a maturity of three months or less to be cash equivalents.

E. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Company experiences a low rate of its accounts receivable that become uncollectible. Therefore these financial statements do not contain a provision for uncollectible accounts.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using methods and lives sufficient to amortize the cost of the applicable assets over their useful lives. The cost and related accumulated depreciation of assets sold or otherwise disposed are removed from the related accounts and the resulting gains or losses are reflected in income, except on assets traded. Expenditures for normal maintenance and repairs are expensed, while major renewals are capitalized.

G. REVENUE RECOGNITION

Commission revenues are recognized upon the completion of a sale of an investment (earned). The related commission expense is recognized when the commission is earned by the Company.

H. INCOME TAXES

On February 9, 1994, Meridian Investments, Inc. with the consent of its stockholders, elected under the Internal Revenue Code to be taxed as an S corporation. The election was effective as of December 1, 1992. On December 28, 2000, the corporation elected to become a qualified subchapter S subsidiary of Meridian Investment Properties Trust, which elected to be taxed as a qualified subchapter S trust. In lieu of federal income taxes, the beneficiaries of a qualified subchapter S trust are taxed on their proportionate share of the consolidated Company's taxable income. Therefore, these financial statements do not contain a provision for federal income taxes. For the years ended December 31, 2003 and 2002, a provision for state income taxes was provided for pursuant to Massachusetts law concerning the taxation of qualified subchapter S trusts.

I. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation days depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated future absences when actually paid to employees.

J. ADVERTISING COSTS

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be realized.

NOTE 2 - DUE TO/FROM RELATED PARTY

Due to/from related party represents monies advanced to/borrowed from Meridian Properties, Inc. and Meridian Energy, Inc., affiliated corporations. The balances outstanding at December 31, 2003 and

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2003 and 2002

NOTE 2 - DUE TO/FROM RELATED PARTY - continued

2002 are comprised of (1) amounts actually advanced to/borrowed from the affiliate, (2) specific expenses actually paid by the affiliate for the benefit of the Company and (3) common operating expenses allocated to the Company.

Interest on the note is charged on the average monthly balance at the applicable federal rate per annum. Interest receivable on the balance at December 31, 2003 and 2002 is \$ 15,400 and \$ 50,616, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 2003 and 2002, property and equipment consisted of the following:

	2003	2002
Computer equipment and software	\$ 133,249	\$ 122,746
Equipment	46,563	45,571
Furniture and fixtures	60,192	60,192
Leasehold improvements	76,199	76,199
	<u>316,203</u>	<u>304,708</u>
Less: accumulated depreciation	<u>(238,402)</u>	<u>(195,050)</u>
NET PROPERTY AND EQUIPMENT	<u><u>\$ 77,801</u></u>	<u><u>\$ 109,658</u></u>

NOTE 4 - LEASES

The Company leases its office locations in Massachusetts and Maryland under operating leases through its affiliated corporation, Meridian Properties, Inc. The Maryland lease expired on September 30, 1997 and the option to renew for an additional five years was exercised. During 1998, additional office space in Maryland was leased for a term of four years and three months, beginning June 1, 1998, expiring on August 31, 2002. The new lease provides for rental escalation based upon the Consumer Price Index beginning in the second lease year and every year thereafter. On March 1, 2002, the lease was renegotiated to expire on February 28, 2007.

The Massachusetts lease dated January 25, 1989 as amended on various dates through 2000, was amended on February 12, 2001 to amend the amount and location of the office space being leased. The Massachusetts office also began leasing various pieces of office equipment in the year 2000 under operating leases expiring on various dates in the year 2005.

For the twelve months ending December 31, 2003, 35% of the lease payments for the Massachusetts and Maryland operating leases were allocated to the Company.

Based upon the aforementioned allocations, future minimum rental payments under the operating leases are as follows:

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2003 and 2002

NOTE 4 - LEASES - continued

<u>Years Ended December 31,</u>	<u>Amount</u>
2004	\$ 107,297
2005	96,080
2006	39,584
2007	7,865
2008	-
	<u>\$ 250,826</u>

Rent expense for years ended December 31, 2003 and 2002 was \$ 100,784 and \$ 109,492, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company shares office space at its locations with Meridian Properties, Inc., Meridian Capital Investments, Inc., Meridian SALT, Inc., and two entities organized in 2003, Carbon Energy, LLC and Meridian Clean Fuels, Inc., all affiliated companies. Except for items specifically identified to one of the companies, overhead and other operating expenses, including personnel costs, are shared with the affiliated companies. Allocations of all shared expenses are determined by personnel time devoted to each entity.

During 2002, two new companies were formed, Meridian Capital Investments, Inc. and Meridian SALT, Inc. Both companies were formed in January 2002.

On May 1, 2003, Meridian Energy, Inc., a Massachusetts corporation, was merged into a newly formed Meridian Energy, Inc., incorporated under the laws of the state of Nevada. This merger qualified as a Type "F" reorganization under the Internal Revenue Code, resulting in no federal tax consequences. As a result of the merger, Carbon Energy, LLC and Meridian Clean Fuels, Inc. assumed the allocation percentage of former Massachusetts corporation as of May 1, 2003.

For the year ended December 31, 2003, the allocation ratio was 35% Meridian Investments, Inc., 25% Meridian Clean Fuels, Inc., 25% Meridian Capital Investments, 10% Meridian SALT, Inc., and 5% Meridian Properties, Inc.

For the year ended December 31, 2002, the allocation ratio was 40% Meridian Investments, Inc., 25% Meridian Energy, Inc., 20% Meridian Capital Investments, Inc., 10% Meridian SALT, Inc. and 5% Meridian Properties, Inc.

NOTE 6 - SALE OF STOCK RESTRICTIONS

At December 31, 2003 and 2002, certain stockholders of the Company were restricted with respect to the sale of their stock in the Company. An agreement, reviewed annually, permits the Company the

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2003 and 2002

NOTE 6 - SALE OF STOCK RESTRICTIONS - continued

right of first refusal upon the proposed sale of Company stock to anyone except the Company. Term life insurance policies on these shareholders have been purchased by the Company in order to facilitate a death related buyout. Upon the death of one of these shareholders, proceeds from the life insurance policies will be used to purchase their respective shares.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Company is engaged in the placement of tax advantaged investments in affordable housing in the United States. The Company generates substantially all of its income from fees earned from the sale of these investments.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of commissions receivable. Concentrations of credit risk with respect to commissions receivable arise due to the fact that the Company conducts business with a limited number of companies. As of December 31, 2003 and 2002, commissions receivable due from two companies totaled \$ 3,825,960 and \$ 1,716,490, respectively.

The Company also maintains cash balances in one financial institution located in Boston, Massachusetts. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 2003 and 2002, the Company had uninsured cash balances totaling \$ 1,194,588 and \$ 973,903, respectively.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital of \$ 5,000 or 6.66% of total aggregate indebtedness, whichever is higher, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2003 and 2002, the Company had net capital, required net capital, excess net capital and a net capital ratio as follows:

	2003	2002
Net Capital	\$ 805,061	\$ 851,819
Required Net Capital	158,141	87,495
Excess Net Capital	\$ 646,920	\$ 764,324
Aggregate Indebtedness	\$ 2,374,493	\$ 1,313,740
Net Capital Ratio	3.67 to 1	1.54 to 1

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2003 and 2002

NOTE 9 - DEFERRED TAXES

In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109), the Company recognizes deferred tax assets or liabilities for the future tax benefit or expense arising from the different methods of recognition for certain items of income and expense for book and income tax purposes. Amounts presented on the balance sheets represent the amount of deferred tax assets and liabilities recognized during the year.

Temporary differences giving rise to deferred tax assets consist of accrued expenses which are deducted when paid (cash basis), for tax purposes, rather than when the liability is incurred (accrual basis), for financial statement purposes.

Temporary differences giving rise to deferred tax liabilities consist of accounts receivable which are reported when received (cash basis), for tax purposes, rather than when earned (accrual basis), for financial statement purposes. In addition, prepaid expenses are deducted when paid (cash basis), for tax purposes, rather than when the related liability is incurred (accrual basis), for financial statement purposes. Also, the excess of tax depreciation over the amount reported for financial statement purposes gives rise to deferred tax liabilities.

At December 31, 2003 and 2002, the deferred tax asset is comprised of the following:

	<u>2003</u>	<u>2002</u>
Accrued expenses	\$ 97,415	\$ 55,058
TOTAL CURRENT DEFERRED TAX ASSET	<u>\$ 97,415</u>	<u>\$ 55,058</u>

At December 31, 2003 and 2002, the deferred tax liability is comprised of the following:

	<u>2003</u>	<u>2002</u>
Accounts receivable	\$ 172,156	\$ 90,974
Prepaid expenses	306	118
TOTAL CURRENT DEFERRED TAX LIABILITY	<u>172,462</u>	<u>91,092</u>
Excess tax depreciation over book depreciation	98	1,031
TOTAL NON-CURRENT DEFERRED TAX LIABILITY	<u>98</u>	<u>1,031</u>
TOTAL DEFERRED TAX LIABILITY	<u>\$ 172,560</u>	<u>\$ 92,123</u>

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2003 and 2002

NOTE 10 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2003</u>	<u>2002</u>
Income taxes paid	<u>\$ 519,800</u>	<u>\$ 4,916</u>
Interest paid	<u>\$ 609</u>	<u>\$ -</u>

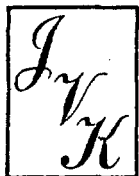
NOTE 11 - SUBSEQUENT EVENTS

On December 29, 2003, the shareholders' of Meridian Investment Properties Trust voted and approved to dissolve the Trust, effective January 1, 2004, and to merge it with its wholly owned subsidiary, Meridian Investments, Inc., a Massachusetts corporation.

The merger qualifies as a Type "F" reorganization under the Internal Revenue Code, therefore, there will be no federal or state tax consequences as a result. All activity, effective January 1, 2004, will be carried out by the former wholly owned subsidiary, Meridian Investments, Inc. In addition, Meridian Investments, Inc. will be required to make a new S Corporation election under the Internal Revenue Code, effective January 1, 2004.

**MERIDIAN INVESTMENT PROPERTIES TRUST
& SUBSIDIARY**

CONSOLIDATED SUPPLEMENTARY INFORMATION



Jacobs, Velella & Kerr, P.C.

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Michael E. Carlson CPA

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY
INFORMATION REQUIRED BY RULE 17A-5 OF THE
SECURITIES AND EXCHANGE COMMISSION**

To the Trustees and Shareholders of
Meridian Investment Properties Trust & Subsidiary
Quincy, Massachusetts

We have audited the accompanying consolidated financial statements of Meridian Investment Properties Trust & Subsidiary as of and for the years ended December 31, 2003 and 2002, respectively, and have issued our report thereon dated January 28, 2004. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information contained in Schedules I is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information contained in Schedule II is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Jacobs, Velella & Kerr, P.C.

Needham, Massachusetts

January 28, 2004

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY

SCHEDULE I - OPERATING EXPENSES (CONSOLIDATED)

For the Years Ended December 31, 2003 and 2002

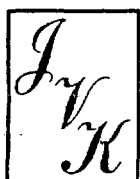
	<u>2003</u>	<u>2002</u>
OPERATING EXPENSES		
Bank charges and fees	\$ 1,841	\$ 1,700
Computer supplies and expense	35,093	41,301
Charitable contributions	42,556	44,518
Depreciation and amortization	46,387	49,463
Dues and subscriptions	37,700	34,098
Education and training	37,685	21,640
Employee benefits	78,779	76,189
Filing fees	23,283	24,099
Insurance	109,021	103,659
Legal and accounting	423,606	40,135
Meetings and conferences	-	4,677
Office supplies and expense	68,689	60,930
Penalties	182	570
Pension fees and contributions	154,744	132,383
Postage and delivery	15,967	15,323
Professional fees	8,718	1,196
Rent	100,784	109,492
Repairs and maintenance	2,197	1,478
Research and due diligence	1,603,025	1,189,460
Salaries and wages	379,344	403,514
Selling expense	-	12,000
Taxes - payroll	184,547	133,947
Taxes - other	237,803	5,263
Telephone	33,739	40,006
Travel and entertainment	792,907	507,528
TOTAL OPERATING EXPENSES	<u>\$ 4,418,597</u>	<u>\$ 3,054,569</u>

See independent auditor's report on supplementary information.

MERIDIAN INVESTMENT PROPERTIES TRUST & SUBSIDIARY
SCHEDULE II - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
NET CAPITAL COMPUTATION		
SHAREHOLDERS' EQUITY	\$ 3,904,375	\$ 1,811,726
LESS: NON-ALLOWABLE ASSETS		
Commissions receivable in excess of commissions payable	(1,946,793)	(691,078)
Deposits and prepaid expenses	(93,673)	(13,380)
Property and equipment	(77,801)	(109,658)
Deferred income taxes	(97,415)	(55,058)
Due from related party	(883,632)	(90,512)
NET CAPITAL BEFORE HAIRCUTS	805,061	852,040
Haircuts on securities:		
Debt securities	-	(221)
NET CAPITAL	\$ 805,061	\$ 851,819
RECONCILIATION WITH COMPANY'S COMPUTATION		
NET CAPITAL PER FOCUS REPORT	\$ 1,116,520	\$ 847,851
AUDIT ADJUSTMENTS FOR:		
Cash	-	257
Deposits and prepaid expenses	(82,531)	(2,238)
Property and equipment	1,205	(5,342)
Deferred taxes	(42,357)	(6,073)
Due from related parties	(5,840)	(31,099)
Accrued commissions and expenses	-	167,169
Shareholders' equity due to audit adjustments affecting net income	(181,936)	(118,706)
NET CAPITAL	\$ 805,061	\$ 851,819

See independent auditor's report on supplementary information.



Jacobs, Velella & Kerr, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL

To the Trustees and Shareholders of
Meridian Investment Properties Trust & Subsidiary
Quincy, Massachusetts

In planning and performing our audit of the consolidated financial statements of Meridian Investment Properties Trust & Subsidiary as of December 31, 2003 and 2002, respectively, and for the years then ended, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and in determining compliance with the exemptive provision of rule 15c3-3. We did not review the practices and procedures followed by the Company (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling the responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objective. Two of the objectives of an internal control structure and the practice and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting

To the Trustees and Shareholders' of
Meridian Investment Properties Trust and Subsidiary

principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

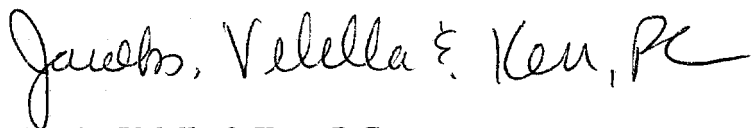
Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors and irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

In addition, no facts came to our attention indicating that the exemption provision of Rule 15c3-3 has not been complied with during the year.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our consideration of the internal control structure, we believe that the Company's practices and procedures were adequate at December 31, 2002 and 2001, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

A handwritten signature in cursive script, appearing to read "Jacobs, Veleva & Kerr, P.C.", written in dark ink.

Jacobs, Veleva & Kerr, P.C.

Needham, Massachusetts

January 28, 2004



Jacobs, Veilella & Kerr, P.C.

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INDEPENDENT AUDITORS REPORT ON MATERIAL INADEQUACIES

To the Trustees

Meridian Investment Properties Trust & Subsidiary

Quincy, Massachusetts

We have audited the consolidated financial statements of Meridian Investment Properties Trust & Subsidiary as of December 31, 2003 and 2002, respectively, and for the years then ended. The report has been submitted to the proper regulatory agencies.

The above noted audits did not disclose any material inadequacies.

Jacobs, Veilella & Kerr, P.C.

Needham, Massachusetts

January 28, 2004